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September 15, 2008

TO: Each Supervisor

FROM: John F. Schunhoff, Ph.D. 
Interim Director

SUBJECT: **MEDICARE PART D PILOT IMPLEMENTATION
MONTHLY STATUS REPORT
MONTH: SEPTEMBER 2008**

On August 5, 2008 the Board approved the Department's recommendation to implement a dual entry pilot program for Medicare Part D in DHS pharmacies, pending implementation of a new outpatient pharmacy information system. Attached is a monthly status report for September 2008 regarding the Medicare Part D Pilot Implementation. This month's report outlines the objectives, key project roles and responsibilities, project status, and detailed project status – by implementation area (Information Technology, Finance, Contracts and Grants, and Pharmacy.)

The Department will provide the next status report in mid-October. In the meantime, if you have any questions or need additional information, please let me know.

JFS:srj
808:001

Attachment

c: Chief Executive Officer
County Counsel
Executive Officer, Board of Supervisors
Acting Chief Information Officer

Los Angeles County - Department of Health Services

Medicare Part D Pilot Implementation - Monthly Status Report

Month: September 2008

Objectives

The primary objective of this project is to establish two pilot outpatient pharmacy sites within DHS that will allow for processing and billing of DHS Medicare Part D prescriptions. Currently, DHS outpatient pharmacies are forwarding patients with Medicare Part D insurance to nearby community pharmacies for dispensing of needed medication. This pilot implementation will seek to gather data on the impact of Medicare Part D prescription dispensing to pharmacy operations, expenditures/revenue, patient acceptance and patient satisfaction. Through the collection of baseline metrics, the effectiveness of the pilot site and the impact to patient care will be assessed. DHS has assembled a "Medicare Part D Work Team" that will meet monthly in order to accomplish the specific objectives outlined below.

Specific objectives:

- 1)** Install a dual entry pharmacy information system to allow two DHS outpatient pharmacy sites to enter in billing information and perform online claims adjudication with the contracted Medicare Part D Prescription Drug Plan (PDP) providers.
- 2)** Enter into a contractual relationship with multiple 2009 Medicare Part D PDP providers that provide service to the dual eligible (Medi-Medi) patient population so that prescriptions may be dispensed within the two pilot onsite pharmacies and revenue obtained
- 3)** Provide patient notice and education regarding Medicare Part D pilot implementation at each pilot site. Finance Departments to play integral role in pilot roll-out and revenue assessment
- 4)** Commence Medicare Part D prescription dispensing services and claims adjudication by April 30, 2009 at two pilot outpatient pharmacy sites. Continue pilot for 6-months.
- 5)** Review impact to facility operations as a result of the Medicare Part D pilot implementation. Establish metrics to assess operational, financial and patient care impact for Medicare Part D dispensing services.

Key Project Roles and Responsibilities

- DHS Information Technology- Contracting, purchase, and installation of dual entry system at pilot pharmacy locations. To oversee training and implementation.
 - DHS Finance - oversee the review of impact to facility Finance as a result of the implementation. DHS Finance team to review and evaluate financial and finance operational impact of implementation of Medicare
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Part D plans, e.g., assignment of General Ledger (G/L) #'s, posting of Medicare Part D revenue, Cost Report changes, etc.




- DHS Contracts and Grants – oversee Medicare Part D Prescription Drug Plan (PDP) contract negotiation and implementation
- DHS Pharmacy – oversee Medicare Part D project implementation, lead DHS work team meetings, prepare Board status reports, and gather data for final analysis.
- Rancho Los Amigos NRC Pharmacy and Hospital Administration – oversee implementation of pilot at RLA outpatient pharmacy; identify issues and collect data for assessment of implementation.
- Martin L. King, Jr. MACC Pharmacy and MACC Administration - oversee implementation of pilot at RLA outpatient pharmacy; identify issues and collect data for assessment of implementation.

Project Status

The project summary below provides a view of the status of the various implementation arms of the Medicare Part D project:

Month	Project Objective- Status				
	IT Implementation	PDP Contract Status (C&G)	Finance Implementation	RLA Implementation	MLK Implementation
September 2008					

Project Status Key:

	Implementation Progress on Schedule		Implementation Progress Delayed- May Impact Project End Date		Implementation Progress Critical- May Significantly Impact Project End Date
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Detailed Project Status – By Implementation Area

DHS Information Technology

September 2008	<p>Obtained a precise quote from DAA Enterprises for pharmacy billing software purchase, training, and maintenance cost.</p> <p>Located purchase order information. Clinical Systems Integration, Pharmacy (CSIP) will investigate with the contracting group within IT to either amend the purchase order or initiate a contract with DAA Enterprises.</p> <p>Information Technology is also working with system vendors and pharmacy users to determine project scope, and to produce a high level project time line.</p>
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DHS Finance

September 2008

On August 18th, and 27th conducted meetings with Revenue Management staff to discuss scope of project, brain storm on issues that need to be addressed, i.e., G/L # assignment, possible assignment of new insurance and payment (revenue) codes, cost reporting implications, and Medicare Part D screening, etc. Assigned staff to investigate and research various Medicare Part D issues.

On August 22nd reviewed and provided comments regarding the draft minutes of first Medicare Part D Work Team meeting, and Medicare Part D Work Team Roles and Responsibilities.

Awaiting feed back from County Counsel regarding whether or not DHS can waive Medicare Part D co-payments as the DHS does for Medi-Cal co-payments.

On August 19th Larry Gatton appointed Terry Ford as the DHS Finance point person for this project. On August 23rd Allan Wecker appointed Helen Jew, Chief Program Audits/Reimbursements, as a member of the DHS Finance Medicare Part D Work Team to address expenditure and cost report Medicare Part D related issues.

DHS Contracts and Grants

September 2008

Contracts and Grants has received a copy of the nine Medicare Part D PDP contracts for 2008, and are in the process of reviewing with County Counsel, as the 2009 PDP plans have not yet been announced. Once the 2009 PDP plans are announced (expected to be late September, 2008), these plans will be reviewed with County Counsel to identify target plans based on (1) contracting terms and (2) DHS formulary match. Any operational contractual requirements will be raised at the next meeting. Any IT contractual requirements to be forwarded to Alice To and raised at the next meeting.

Contracts and Grants is working with County Counsel to identify whether the Medicare Part D co-pay may be legally waived for DHS patients dispensing medications within onsite pharmacies.

DHS Pharmacy

September 2008

Providing leadership to Medicare Part D work team, for which the first meeting took place on August 18th. Work team roles and responsibilities document approved, and department assignments were provided. At this meeting, analysis of DHS patient Medicare Part D statistics were reviewed, as well as CMS plans for Medicare Part D plans for 2009. Prepared meeting summary for 8/18/08 meeting and distributed to work team members. Monthly meetings established for remainder of the calendar year.

Contacted CMS pharmacist in order to obtain update on status of release of Medicare Part D PDP for 2009. On August 14th, the Centers of Medicare and Medicaid released the 2009 California benchmark, which is now raised to \$24.86 (from \$19.80), but the actual plan names will be released in late September. Also provided to the committee was the 2009 Call Letter for Medicare Part D Sponsors for detailed information regarding preparation for 2009.

Contacted RLA and MLK CEO's to discuss their facility's role in implementation of Medicare Part D pilot site, and requested facility representation for the next work team meeting. Requested IT implementation plan from DHS IT so that high level project timeline may be developed.